



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 15, 2009

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To: Supervisor Don Knabe, Chairman
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Supervisor Zev Yaroslavsky
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From: William T Fujioka
Chief Executive Officer

MOTION TO SUPPORT SB 600 (PADILLA) – TOBACCO TAX AND HEALTH PROTECTION ACT OF 2009 (ITEM NO. 81-A, AGENDA OF JUNE 16, 2009)

Item No. 81-A on the June 16, 2009 Agenda is a motion by Supervisor Molina to send a five-signature letter to Governor Arnold Schwarzenegger and to State Senator Elaine Alquist, Chair of the Senate Health Committee, expressing Los Angeles County support of SB 600 (Padilla), the Tobacco Tax and Health Protection Act of 2009.

As amended on June 9, 2009, SB 600 would impose an additional tax on cigarettes of \$1.50 per pack, and an equivalent tax on other tobacco products. It would provide that 85 percent of the revenues from the tax be transferred into a newly created Tobacco Tax General Fund Account and 15 percent be transferred to the Tobacco Control and Lung Cancer Research Account to fund the tobacco control provisions of the bill. SB 600 also would require the State Board of Equalization (BOE) to adjust the tax rate to reflect any changes in the California Consumer Price Index.

The author's office estimates that smoking related diseases result in \$8.6 billion in medical expenses annually in California, and notes that the State has not increased the tobacco tax for over a decade. According to the BOE, SB 600 would raise approximately \$1.2 billion annually in additional revenue. In a recent Senate Health Committee analysis, the author indicated that this bill would provide significant funding for the State to address its budget deficit and to fund programs impacted by the State Budget shortfall. The remaining funds would be used to advance California's tobacco prevention, enforcement, cessation and lung cancer research programs.

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Each Supervisor
June 15, 2009
Page 2

The Department of Public Health notes that funding for the County's Tobacco Control and Prevention Program has declined over the years due to lower tobacco consumption in the State. SB 600 would significantly increase the tobacco tax and provide the additional direct funding needed to continue to provide the same level of tobacco control and prevention services in the County and Statewide.

On September 5, 2006 your Board acted to support Proposition 86, the Tobacco Tax Act of 2006, on the November 7, 2006 General Election Ballot which would have imposed an additional \$2.60 per pack excise tax on the retail sale of tobacco cigarettes. Proposition 86 would have provided funding for hospital emergency services, increased access to health insurance for children, expanded nursing education, and supported health education activities, in addition to providing services to curb tobacco use and regulate tobacco sales. The measure failed passage.

SB 600 is sponsored by the American Cancer Society, American Heart Association, and the American Lung Association. It is supported by the American Dental Association, Asian and Pacific Islander American Health Forum, Breathe California, California Chapter of the American College of Cardiology, California Dental Association, California Emergency Nurses Association, California Medical Association, California Thoracic Society, and the Lung Cancer Alliance - California.

It is opposed by the Asian Business Council, Association for Los Angeles Deputy Sheriffs, California Black Chamber of Commerce, California Chamber of Commerce, California Distributors Association, California Grocers Association, California Licensed Beverage Association, California Manufacturers and Technology Association, California Taxpayers Association, Neighborhood Market Association, and the Regional Black Chamber of Commerce of San Fernando Valley.

Support for SB 600 is consistent with Board policy to support measures which reduce the prevalence of smoking, increase tobacco cessation services, and fund chronic disease prevention programs. It is also consistent with prior Board support for Proposition 86, the Tobacco Tax Act of 2006. **However, because SB 600 proposes a dedicated tobacco tax increase to address the State's Budget deficit and fund programs impacted by the State Budget shortfall, support for this measure is a matter for Board policy determination.**

SB 600 is scheduled for hearing on June 17, 2009 in the Senate Health Committee.

WTF:GK
MR:MS:er

c: Executive Officer, Board of Supervisors
County Counsel
Department of Public Health